

Message Text

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ACTION NEA-10

INFO OCT-01 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03 NSAE-00
NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 IO-13 ISO-00
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R 161449Z FEB 77
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC 4921
AMCONSUL JERUSALEM
USDEL SECRETARY JERUSALEM

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FOR SECRETARY'S PARTY

E.O. 11652: N/A
TAGS: PINT, IS
SUBJECT: CONTINUING REACTIONS AND NEW REVELATIONS TO YADLIN'S
CONFESSIONS

REF: TEL AVIV 1153

1. TODAY'S PRESS COVERAGE OF THE YADLIN AFFAIR FEATURED DENIALS THAT PARTY LEADERSHIP HAD CONSPIRED ILLEGALLY WITH ASHER YADLIN TO CHANNEL FUNDS TO THE LABOR PARTY. THIS STORY SHARED THE HEADLINES WITH THE VISIT OF SECSTATE VANCE. IMPLICATION OF CABINET MEMBERS AND LABOR PARTY OFFICIALS CONTINUES TO EVOKE A PUBLIC SNESE OF SHOCK AND HEIGHTENED A FEELING OF UNCERTAINTY OF HOW YADLIN'S CHARGES WILL AFFECT THE SELECTION OF LABOR PARTY LEADERSHIP AT FEBRUARY 22-25 PARTY CONVENTION AND SUBSEQUENTLY THE PARTY'S ELECTORAL PROSPECTS IN MAY.

2. THE MOST PORMINENT STATEMENT CAME FROM FINANCE MINISTER RABINOWITZ WHOM YADLIN HAD ACCUSED OF HAVING
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"PRESSURED HIM TO PROVIDE FUNDS FOR THE LABOR PARTY"
WHEN RABINOWITZ WAS RUNNING FOR RE-ELECTION AS MAYOR OF TEL AVIV. THE FINANCE MINISTER ADMITTED HAVING ASKED YADLIN TO HELP PROVIDE FUNDS, BUT DENIED ALL PRESSURES; KNOWLEDGE THAT FUNDS HAD BEEN RAISED ILLEGALLY; OR THAT MILLIONS OF POUNDS HAD BEEN INVOLVED. HE FURTHER DENIED THAT YADLIN HAD PASSED ANY

MONEY TO HIM PERSONALLY. AT THE SAME TIME HE EXPRESSED HIS RELUCTANCE TO DISCUSS THE MATTER PUBLICLY BECAUSE UNTIL THE COURT PASSES SENTENCE ON YADLIN, THE MATTER REMAINS TECHNICALLY "SUB JUDICE."

3. ANOTHER SENSATIONAL REVELATION WAS THE PUBLICATION OF A NOTE TO ASHER YADLIN SIGNED BY FORMER LABOR PARTY SECRETARY AHARON YADLIN, NOW MINISTER OF EDUCATION. THE NOTE SAID "PLEASE LET ME HAVE TOTAL OF IL 70,000 AND MAKE CHECK OUT TO INDUSTRIAL SERVICES, LTD. (ISL)." ISL WAS A JOINT GERMAN-KOOR (HISTADRUT) FINANCED ENTERPRISE.

4. MINISTER YADLIN CLAIMS HE HAS NO RECOLLECTION OF THE REQUEST, WILL HAVE TO EXAMINE THE NOTE, AND ON LAWYER'S ADVICE FEELS NOT FREE TO DISCUSS MATTER "SUB JUDICE."

5. RECENTLY RESIGNED KOOR CHAIRMAN MEIR AMIT, WHO HAD JUST SHIFTED FROM THE ALIGNMENT TO YADIN'S DMC, DENIED ALL KNOWLEDGE OF FUNDS HAVING BEEN TRANSFERRED FROM KOOR OR ISL TO THE LABOR PARTY. THE PRESS ALSO LINKED HISTADRUT'S BANK HA POALIM CHAIRMAN LEVINSON AND AMIT'S SUCCESSOR AS KOOR CHAIRMAN, NAFHTALI BLUMENTHAL, TO ISL AND BY IMPLICATION TO POSSIBLY ILLEGAL PARTY FINANCING.

6. PRESS REPORTS GIVE NO DATE OF THE NOTE OR CHECK, THUS LEAVING OPEN THE QUESTION OF WHETHER FUNDS WERE LIMITED OFFICIAL USE

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PROVIDED BEFORE OR AFTER PASSAGE OF THE 1973 ELECTION FINANCING LAW. HOWEVER, ALLEGED LAUNDRYING OF POLITICAL FUNDS WOULD APPEAR TO HAVE BEEN CLEARLY ILLEGAL.

7. PRIME MINISTER RABIN REPORTEDLY MET WITH LABOR PARTY KNESSET FACTION LEADERS TO PLAN STRATEGY BUT WILL NOT TAKE ACTION UNTIL HE OBTAINS ADVICE FROM THE ATTORNEY GENERAL. ACCORDING TO PRESS, RABIN'S SUPPORTERS ARE TRYING TO PLACE BLAME ON RABINOWITZ'S FORMER CAMPAIGN MANAGER, LABOR MK YOSSIE SARID, WHO IS NOW ACTIVE ON BEHALF OF PERES' CAMPAIGN.
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Message Attributes

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